

**ARENA/ENTERTAINMENT FACILITY
DESIRABILITY STUDY**

FINAL REPORT

Revised July 11, 2005

ARENA/ENTERTAINMENT FACILITY DESIRABILITY STUDY

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EXECUTIVE SUMMARY

In late December 2004, the Columbia County Commissioners appointed a 13-member committee of Columbia County citizens to “study the desirability of having an arena/entertainment facility in Columbia County and alternative partnership options for financing and operating such a facility.” This Committee was formed as a result of the favorable response received to a ballot question included as part of the Columbia County Republican Party Primary election in July 2004.

Over the next six months, this Committee met six times, reviewed the plan for Augusta’s *New Regional Entertainment and Sports Center* prepared by Scheer Game Sports Development in October 2002, visited six “arena/entertainment” facilities in Georgia and South Carolina, met with possible private end users of an arena, and engaged in meaningful discussions with current and former officials familiar with the processes for the planning, building, and operation of other arena/entertainment facilities comparable to that envisioned for Columbia County. All this was performed with a visionary look into the future needs for such a facility yet tempered with the practical reality of considerations as to how such a facility could be developed, funded, and operated.

On June 23, 2005, the Committee formed by the Columbia County Commissioners voted that, based on the assumptions and findings concluded in this report, an arena/entertainment facility for Columbia County was desirable and could be realistically financed with private and public funds. The Committee further recommends that the County outsource management of a facility to an experienced firm specializing in arena management.

Under the assumption that Augusta/Richmond County does not proceed with the development of its own Regional Entertainment Sports Center, this Committee suggests that the Columbia County Commissioners consider the recommendations contained herein regarding future actions to be taken regarding a Columbia County arena/entertainment facility and that they proceed accordingly.

SECTION 1

INTRODUCTION

At the December 21, 2004 Columbia County Board of Commission meeting, thirteen citizens were appointed to the Arena/Entertainment Facility Committee. The Committee consists of two appointees from each Commissioner, the County Administrator, and Executive Directors of both the Columbia County Development Authority and the Chamber of Commerce.

Mission Statement

The mission of the Committee is to:

Study the desirability of having an arena/entertainment facility in Columbia County and alternative partnership options for financing and operating such a facility.

At the initial meeting of this Committee, Commission Chairman Ron Cross asked the Committee to use "visionary practicality" in determining the desirability of having an arena/entertainment facility in Columbia County. On one hand, the Committee was asked to be visionary in looking to the future need for such a facility and, on the other hand, to evaluate the practical reality of how such a facility could be developed, funded, and operated. Chairman Cross also emphasized the importance of outlining alternative partnership options for financing and operating an arena.

Columbia County's Vision for the Future

To assist the Committee in developing a vision for an arena, the County's *Growth Management Plan* (GMP) adopted by the Board of Commission in February 2001 was used as a guide to present the current vision for County development. The GMP has the following vision statement:

"In the year 2020, Columbia County will be a blend of premier communities in which to invest, live, work, and raise a family. It will be a place where residents enjoy a rich quality of life based on self-renewal to achieve the highest level of education, an appropriate range of housing options, first-rate shopping and entertainment, progressive employment opportunities, abundant natural resources, state-of-the-art community facilities and recreational amenities. All of these elements will be organized within a rational framework of development nodes linked by innovative transit and a comprehensive system of well-maintained streets, sidewalks, bikeways, and multi-use trails."

The following excerpts from this vision statement had particular relevance to the Arena/Entertainment Facility Study:

- First rate shopping and entertainment
- Progressive employment opportunities
- State-of-the-art community facilities and recreational amenities
- All elements will be linked by innovative and comprehensive transportation system

In reviewing the potential for an arena in Columbia County, the previously listed vision statement in the *Growth Management Plan* was used to facilitate and guide Committee deliberations.

Ballot Questions on an Arena

During the Columbia County Republican Party Primary election in July 2004, the following question was placed on the ballot to determine voter views on developing a civic center or arena.

"In the event that Richmond County does not build a new civic center, would you be in favor of building a civic center in Columbia County funded by a combination of money from Special Purpose Local Option Sales Tax, the issuance of bonds, and/or financial participation by investors?"

Voters in the July 2004 Republican Primary election stated they would favor building a civic center in Columbia County. Of the 20,435 votes cast, 12,298 favored building a civic center in the County or 60.18% of the votes cast.

In the November 2, 2004 SPLOST referendum in Augusta-Richmond County, the question, which included an arena, failed to pass. The following are the results from the multiple questions concerning this matter on their ballot.

	YES	%	NO	%
All SPLOST projects	24,457	37.76%	40,318	62.24
Performing Arts Center	21,733	33.85%	42,465	66.15
Amphitheater	19,465	30.33%	44,710	69.67
Sports Arena	21,770	33.98%	42,299	66.02

At the June 21, 2005 Referendum in Augusta-Richmond County, 68% of the voters rejected a proposed \$60 million property tax bond referendum to build a multipurpose sports/ entertainment complex.

Following the first election results in Augusta-Richmond County, the Columbia County Board of Commissioners appointed the Arena/Entertainment Facility Committee in December 2004 to reflect the positive interest indicated by the July 2004 Republican Primary election results.

Committee Members

NAME	COMMISSIONER APPOINTEE	OCCUPATION
Mark Bean	Steve Brown	Lumber industry
Lee Clark	Lee Anderson	Banker
Jim Cox	Ron Cross	Advertising
Zack Daffin		Columbia County Development Authority Executive Director
Fred Elser	Tom Mercer	Executive Director of Stage III, Columbia County's community theater and board member of Columbia County Arts
Dan Lindbom	Lee Anderson	Business owner, retired veteran, County resident for 26 years
Chris Marks	Steve Brown	SRS employee, County resident for 37 years
Gordon Renshaw		Columbia County Chamber of Commerce Executive Director
Remo Silvestrini	Tom Mercer	Professional Engineer, retired
George Sleister	Diane Ford	Car dealer
Frank Spears	Diane Ford	Former Columbia County Commissioner and State Farm Insurance agent
Candi Sprague	Ron Cross	Marketing/political consultant/fund raiser
Steve Szablewski		Columbia County Administrator

Work Schedule

January 10 – Initial meeting

January 24 – Trip to Greenville, SC

February 1 and 2 – Trip to Macon, Columbus, Atlanta, and Gwinnett County, GA

February 10 – meeting

February 24 - Trip to North Charleston, SC

March 10 – meeting

April 14 – meeting

May 12 – meeting

June 23 – meeting

July 25 – presentation to Board of Commission

Proposed Study Methodology

To accomplish the mission of the Arena/Entertainment Facility Committee by July 2005, the following methodology was developed in discussions with Committee members:

- Review the plan for Augusta's *New Regional Entertainment and Sports Center* prepared by Scheer Game Sports Development in October 2002.
- Visit competitive sites identified in the Augusta plan such as Greenville and North Charleston, SC, and Macon, Columbus, and Gwinnett County, GA.
- Meet with possible private end users of an arena (e.g., sponsors of equestrian and hockey events and local hotel/hospitality owners).
- Preliminarily review potential site locations in Columbia County.
- Evaluate the financial capability of the County and private investors to develop and operate an arena.
- Develop preliminary and final recommendations at committee meetings of the Arena/Entertainment Facility Committee.
- Present findings and recommendations of the Committee to the Columbia County Board of Commissioners.
- Outline further studies, public meetings, and other activities that will be needed if study of an arena in Columbia County is authorized by the Board of Commissioners.

Assumptions

Since the Committee has both limited time and resources, the following assumptions were made to enable the findings and recommendations to be completed by July 2005.

- The market area for an arena identified in the Augusta plan [i.e., the Augusta-Aiken Metropolitan Statistical Area (MSA)] would be used for the Columbia County facility.
- The regional needs identified in the Augusta plan (i.e., anchor tenants consisting of equestrian, arena football, and hockey) would be evaluated. In addition, family shows, sporting events, and concerts will be considered in evaluating a Columbia County facility.
- The site location options along I-20 in Columbia County offer the best access to area residents. The preferred site in the 2002 Augusta plan was Riverwatch Parkway and I-20. On the June 21, 2005 Referendum in Augusta-Richmond County, 68% of the voters rejected a proposed \$60 million property tax bond referendum to build a multipurpose sports/ entertainment complex to be built on the Regency Mall site.
- The building program outlined in the Augusta plan will serve as a starting point for considering a plan for Columbia County.
- The general cost estimates in the Augusta plan will be used as a basis for this evaluation.
- The sources and uses of funds and the proforma used in the Augusta plan will guide consideration of a Columbia County facility.
- Available public funds will be projected by the County's Finance Division. Anticipated growth in retail sales due to expanded commercial development will be considered along with historical data and current trends.
- Projected funds from either private or other government sources such as the state or neighboring communities will be explored. The private investment for the equestrian facility for the Augusta plan will be evaluated for inclusion in a Columbia County facility.

SECTION 2

BACKGROUND INFORMATION

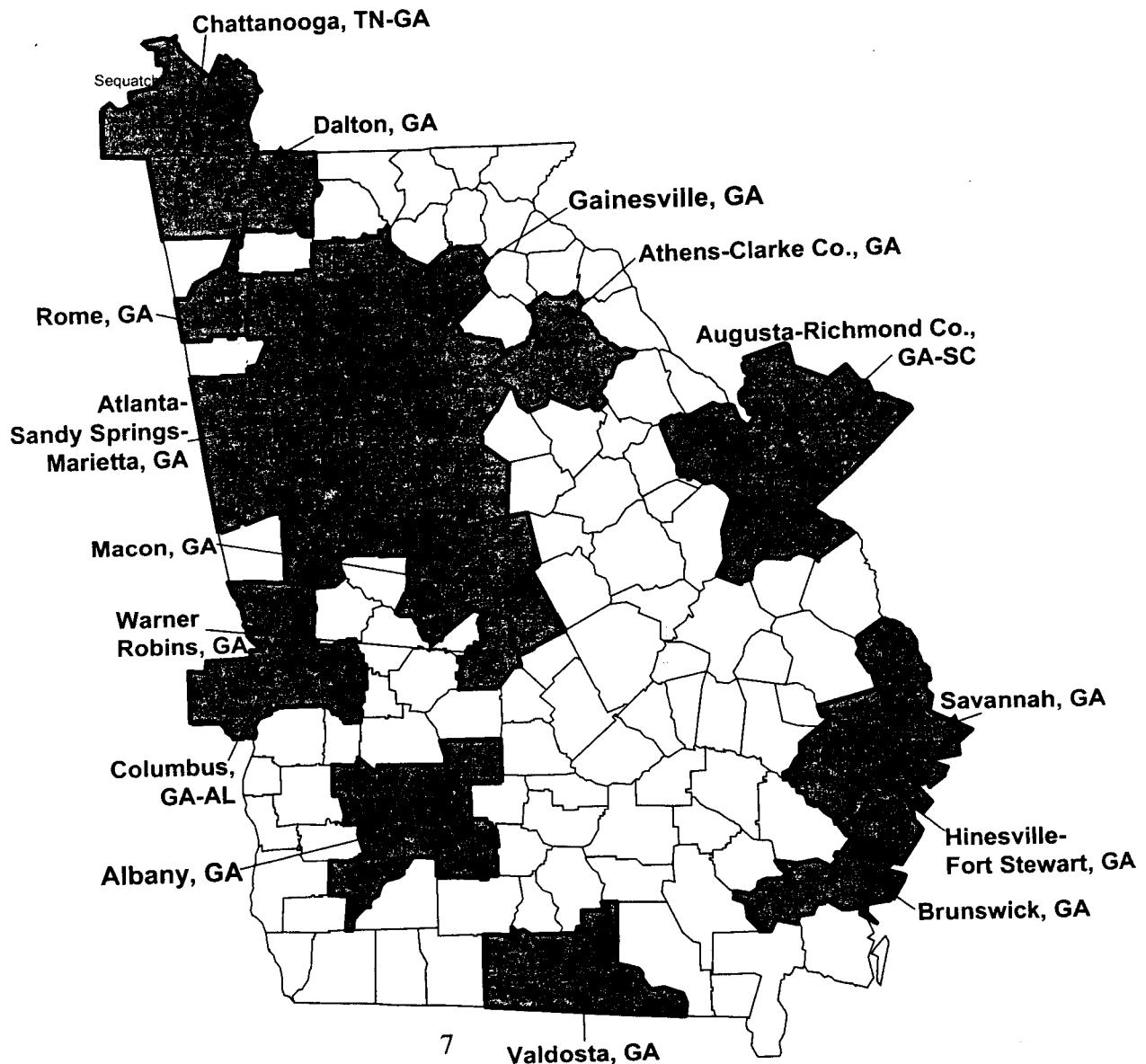
To evaluate the potential for an arena in the Columbia County-Augusta area, population in Metropolitan Statistical Areas (MSA) in Georgia, the Augusta area, and benchmark communities in Georgia and South Carolina were reviewed. In addition, buying income and retail sales in the Augusta MSA and Georgia were examined to determine potential sales tax revenues which could support debt service on a bond to construct an arena. Also, median household income in the Augusta area was examined to determine availability of discretionary income for entertainment events and activities. Finally, the population within 30- and 60-mile distances from the benchmark arenas were compared to determine how Columbia County-Augusta ranks with existing arena communities.

Georgia's MSA's

Illustration 2.1 (below) shows Georgia's 15 Metropolitan Statistical Areas (MSA). A MSA is defined as an area with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties containing the core population area plus adjacent counties having a high degree of social and economic integration with the central county as measured through commuting patterns.

Illustration 2.1

POPULATION **Metropolitan Statistical Areas: 2003**



The *Population of Georgia Metropolitan Statistical Areas, In Order of Population Size, 2000, 2003* is shown as Illustration 2.2 (below). The Georgia portion of the Augusta MSA had a population of 332,947 in 2000 and a population of 340,048 in 2003 or a percentage change of 2.1%. Augusta ranked as the second largest population area in Georgia after Atlanta. Savannah, Columbus, and Macon – communities with existing arenas – all have populations smaller than the Augusta MSA and rank third, fourth, and fifth respectively in state population size.

Illustration 2.2

POPULATION OF GEORGIA METROPOLITAN STATISTICAL AREAS, IN ORDER OF POPULATION SIZE, 2000, 2003			
MSA	2000	2003	2000-2003 % Change
Atlanta-Sandy Springs-Marietta	4,281,967	4,610,032	7.7
Augusta-Richmond County	332,947	340,048	2.1
Savannah	293,314	304,325	3.8
Columbus	232,464	238,096	2.4
Macon	222,407	226,022	1.6
Athens-Clarke County	166,767	172,232	3.3
Albany	157,743	161,104	2.1
Gainesville	140,875	156,101	10.8
Chattanooga	129,970	136,579	5.1
Dalton	120,899	127,279	5.3
Valdosta	119,659	122,181	2.1
Warner Robins	111,309	120,434	8.2
Brunswick	93,259	96,295	3.3
Rome	90,795	93,368	2.8
Hinesville-Fort Stewart	71,721	69,705	-2.8

Source: U.S. Bureau of the Census, Population Estimates

Augusta MSA

The population of the Augusta MSA including both Georgia and South Carolina counties totaled 477,441 in 2000 as shown by Illustration 2.3 (below). The Augusta MSA is projected to grow to 535,000 in 2010 and 599,000 in 2020 or an increase of about 12% in 2010. The fastest growing county in the Augusta MSA is Columbia County with projected increases of more than 25% in 2010.

Illustration 2.3

Population	2000			2010			2020			2030		
	Pop.	% of MSA	% Increase from previous 10 years	Pop.	% of MSA	% Increase from previous 10 years	Pop.	% of MSA	% Increase from previous 10 years	Pop.	% of MSA	% Increase from previous 10 years
Columbia	89,288	18.70%	35.22%	112,350	21.00%	25.83%	133,877	22.35%	19.16%	155,458	23.59%	16.12%
McDuffie	21,231	4.45%	5.53%	23,540	4.40%	10.88%	26,955	4.50%	14.51%	32,950	5.00%	22.24%
Richmond	199,775	41.84%	5.30%	207,580	38.80%	3.91%	217,737	36.35%	4.89%	222,149	33.71%	2.03%
Aiken	142,552	29.86%	17.87%	161,035	30.10%	12.97%	183,294	30.60%	13.82%	202,972	30.80%	10.74%
Edgefield	24,595	5.15%	33.85%	30,495	5.70%	23.99%	37,138	6.20%	21.78%	45,471	6.90%	22.44%
MSA	477,441	100 %	15.0 %	535,000	100 %	12.06%	599,000	100%	11.96%	659,000	100%	10.02%

Illustration 2.3 also shows the percentage of population in the Augusta MSA by County. Columbia County is the fastest growing County in the region growing from about 19 percent of the region population in 2000 to a projected total of almost 24 percent in 2030. While Columbia County is projected to grow significantly in the next 30 years, Richmond County's share of the MSA population is projected to decline from 42 percent in 2000 to about 34 percent in 2030. Columbia, Aiken, and Richmond Counties will make up more than 88 percent of the MSA population by 2030 with population shares of 23.59 percent, 30.80 percent, and 33.71 percent, respectively.

Benchmark MSA's

The benchmark Metropolitan Statistical Areas examined in this study based on findings in the *Development Plan for Augusta's Entertainment and Sport Center* include Greenville and Charleston, SC, and Macon, Columbus, and Atlanta, GA. Illustration 2.4 (below) shows the population for each MSA.

Illustration 2.4

COMPARISON OF BENCHMARK MSA POPULATIONS IN 2000	
Atlanta (Gwinnett County)	4,281,967
Greenville-Spartanburg	962,441
Charleston-North Charleston	549,033
Augusta- Aiken	477,441
Macon	322,549
Columbus	274,624

The Augusta-Aiken MSA ranks fourth of six in population size when compared to competing MSA markets. Augusta trails Atlanta, Greenville, and Charleston but has more MSA population than Macon and Columbus.

Buying Income and Retail Sales Comparison

One of the principal sources of funds used for large capital projects in Georgia is the Special Purpose Local Option Sales Tax (SPLOST). The sales tax is collected at the point of sale. A county which has extensive commercial/retail areas (e.g., Richmond) collects more than its share of taxes since citizen's travel from adjoining areas to make purchases. Conversely, a suburban county like Columbia County receives less than its share of revenues since purchases are made in adjoining counties with more established commercial/retail areas.

Illustration 2.5 (below) compares effective buying income (EBI) and retail sales in Georgia and the counties in the Augusta MSA. Interestingly, more than 70% of Georgia's and the Augusta MSA's effective buying incomes are spent in the state and MSA while only 50% of Columbia County's EBI is spent within Columbia County. In addition, Richmond County collects more than 109% of the buying income of its residents in retail sales.

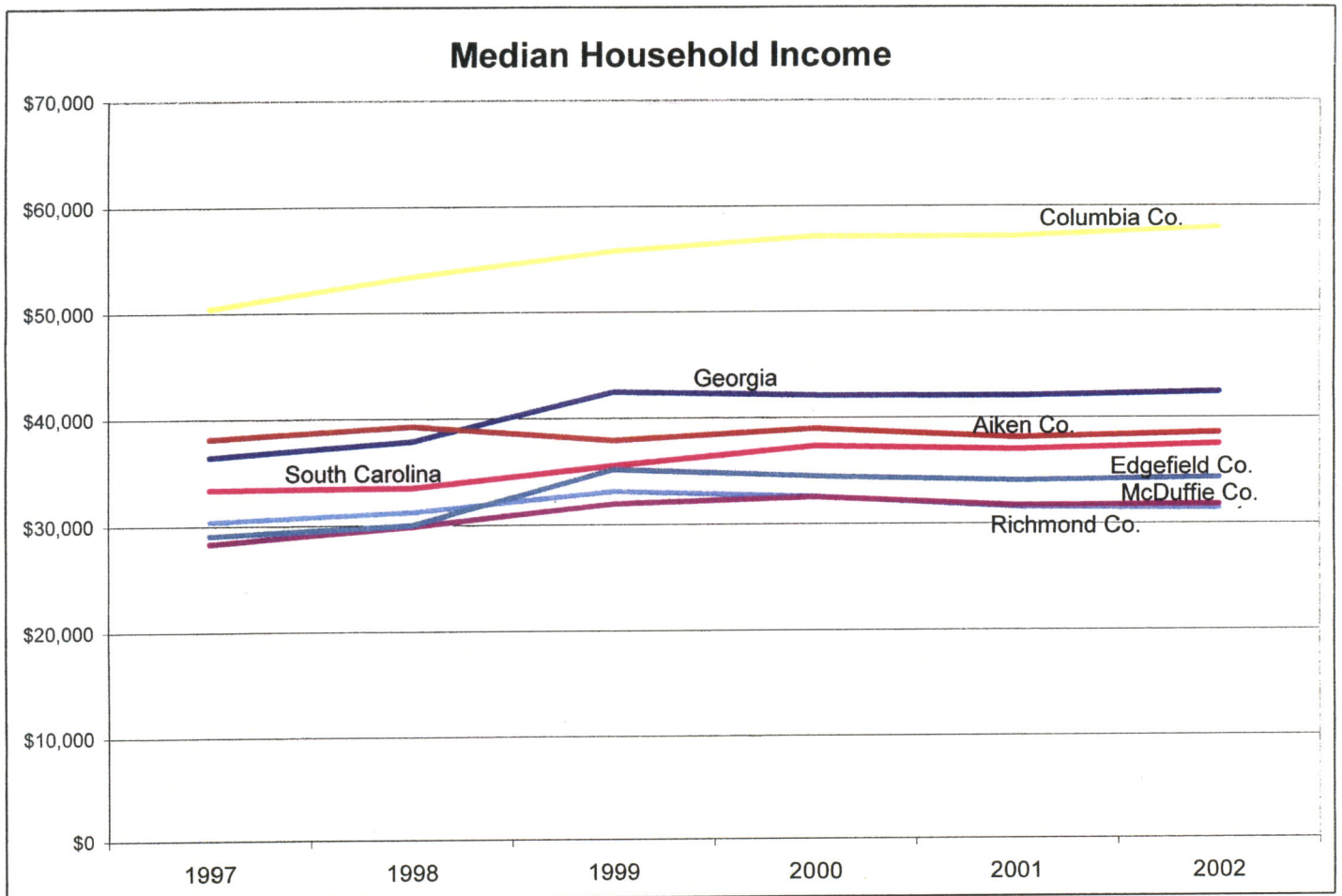
Illustration 2.5

COMPARISON OF EFFECTIVE BUYING INCOME AND RETAIL SALES IN THE AUGUSTA MSA DURING 2004				
	Population	Retail Sales (\$1,000)	Effective Buying Income (\$1,000)	Retail Sales as a % of EBI
Georgia	8,794,700	\$115,210,992	\$159,621,609	72.17%
Augusta MSA	512,600	5,964,979	8,085,062	73.77%
Columbia	99,100	1,011,768	1,999,580	50.59%
Richmond	196,200	3,014,032	2,756,658	109.33%
McDuffie	21,500	320,327	309,410	103.52%
Aiken	147,500	1,338,665	2,424,273	55.21%
Edgefield	25,200	131,286	325,133	40.37%
Burke	23,000	148,901	270,008	55.14%

If Columbia County was able to have retail sales equal to the state average of 72.17% of its EBI, then retail sales in 2004 would have totaled \$1,443,097,000 or more than \$431,328,886 over the recorded retail sales of \$1,011,768,000. If the one percent SPLOST was collected on the additional sales, then sales tax revenues would increase by \$4,313,289 per year. Funds from the collection of increased sales in Columbia County could provide the revenue stream to finance needed transportation and recreational facilities in a rapidly growing county.

Median Household Income

Illustration 2.6 compares median household income in the Augusta Metropolitan Statistical Area. Columbia County has the highest household income in the MSA with almost \$60,000 per household. Richmond County has a median household revenue of about \$30,000 per household. The higher median income in Columbia County provides more disposable income for entertainment events and activities.



Population with 30- and 60-mile Distance for Arenas

Illustration 2.7 compares population within 30 and 60 miles distances from arena sites in Georgia and South Carolina. Gwinnett County in the Atlanta area has almost five million people within a 60 mile service area while Columbus has the smallest population within 60 miles at 715,000. The Columbia County-Augusta area is next to last in population within 60 miles with almost 731,000.

Within 30 miles of an arena, Columbia County-Augusta ranks fifth behind Gwinnett County, Greenville, Columbia, and North Charleston with a population of 428,700. Macon and Columbus trail the Columbia County-Augusta area with populations of 369,360 and 347,424, respectively, within 30 miles of an arena.

Illustration 2.7

COMPARISON OF POPULATION WITHIN 30 AND 60 MILES FROM EXISTING OR PROPOSED ARENAS			
	Location	30 Miles	60 Miles
1.	Gwinnett	3,435,495	4,991,136
2.	Greenville	771,949	1,754,811
3.	Columbia	617,965	1,144,850
4.	Macon	369,360	952,100
5.	North Charleston	532,737	747,696
6.	Augusta/Columbia County	428,700	730,988
7.	Columbus	347,424	715,252

The following map illustrates the service areas for each arena site. Areas of overlap between locations are counted in each location. The basis for the population information is zip codes based on 2003 projections.

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is an

**Arena and Entertainment Facilities
Population Comparison Map**

It is available for viewing in the

**Commissioners Office
630 Ronald Reagan Drive
Evans, GA 30809**

**(706) 868-3379
Marilyn Heuer**

SECTION 3

COMPARISON OF ARENAS IN GEORGIA AND SOUTH CAROLINA

To assist in determining an arena best suited for the Columbia County-Augusta area, the Arena Committee decided to visit facilities in Georgia and South Carolina and to meet County officials that developed an arena in Gwinnett County.

Site Visits

Members of the Committee visited South Carolina arenas in Greenville and North Charleston and Georgia arenas in Macon, Columbus, and Gwinnett County. The facility proposed in Augusta at Riverwatch and I-20 was also evaluated with these arenas.

The following information was compiled on arenas:

- Facility criteria consisting of seating capacity, building features, service area, relationship to other uses, and design and construction period.
- Site criteria including size of area, parking, location with the community, road access, and related uses onsite.
- Management criteria which reviewed governmental oversight, how the facility is managed, number of full-time staff, concession/catering, advertising, marketing, and the number of events per year.
- Financial criteria including revenue available for debt service, whether the facility is self-sustaining, use of naming rights to enhance revenue, and other sources of funds used to pay debt service and operational expenses.

Of the sites visited, the most comprehensive facilities are North Charleston and Gwinnett County. They offer not only an arena but also convention/conference space, ballrooms, and performing arts center on a single site with shared parking. Hotel, restaurants, office, and other related activities are either in place or planned at these sites.

A detailed review of the facilities based on the above outlined criteria is shown in Illustrations 3.1, 3.2, 3.3, and 3.4.

ILLUSTRATION 3.1

COMPARISON OF ARENA AND ENTERTAINMENT FACILITIES
IN GEORGIA AND SOUTH CAROLINA

Criteria	Greenville Bi-Lo	North Charleston	Macon	Columbus	Chastain Park Amphitheater	Gwinnett County	Proposed Augusta
FACILITY CRITERIA							
Opened	1998	1993	Col - 1969 Conven - 1996	1996	1945	2003	Proposed
Seating	16,000 Suites 30 Club Seats 1000	14,000	9,200	10,000	6,900	13,000 30 1,380	12,000 20 500
Construction Cost	\$63 million	\$25 million	Col - \$4 million Con - \$18 M	\$35 M added ice for \$1.8 M	unknown	\$70 million	\$90 million
Building Features							
Suites	Yes - 30	Few	none	none	none	Yes - 30	Yes - 20
Elevators	1	2	1	1 public, 1 freight	0	1 freight, 4 public	Unknown
Lobby		Indoor box office	Newly renovated			Indoor box office	Indoor box office
Flooring	Painted	Concrete	Carpet	Carpet	Concrete	90% carpeted	Unknown
Curtain	Yes	Yes	No	Yes	No	Yes	Unknown
Shops	Yes	No	No	No	No	No	Unknown
Storage	Adequate	Adequate	Adequate	Inadequate	Inadequate	Adequate	Adequate
Loading Docks	Adequate	Adequate	Great	Inadequate	Inadequate	Adequate	Adequate
Equestrian Facilities	No	No	No	No	No	No	Yes
Service Area	60 miles	60 miles	60 miles	60 miles	60 miles	60 miles	60 miles
Relationship to other uses	Small outdoor events space	Attached to convention center (76,960 sq ft of exhibition space, 24,960 sq ft ballroom space, 12,710 sq ft meeting rooms space) and 2,300 seat performing arts ctr	Attached to convention center and ballroom	On campus w/13,000 seat football stadium, 8-field softball complex with 2,5000 stadium and 4,5000 seat baseball stadium also nice outside area for weddings	Near popular golf, tennis, etc. in park	Next to convention and performing arts centers, ballroom, and Chamber of Commerce offices	Equestrian facilities, office buildings, outdoor arena, out-parcels
Design Period	2 years	2 years	Unknown	1 year	3 years	3 years	2 years
Construction Period	2 years	2 years	Unknown	2 years	unknown	2.5 years	Unknown

- Of the sites visited, the most comprehensive facilities are North Charleston, Gwinnett County, and Macon. The North Charleston and Gwinnett County sites offer not only an arena but convention/conference space, ballrooms, and performing arts center. Macon, the oldest arena, has a convention center and ballroom. Future hotel and related commercial are also planned at North Charleston and Gwinnett County.
- None of the facilities offer the type of equestrian facilities and outdoor arena proposed in the Augusta facility.
- Seating ranges from 9,200 in Macon to 16,000 in Greenville. The Augusta proposal has 12,000 seats.
- Greenville, Gwinnett County, and the proposed Augusta facility have suites that appear to be an advantage over those facilities without them.
- All facilities claim they service a 60-mile service area.
- Design and construction periods average about 2 years for each activity.

ILLUSTRATION 3.2

COMPARISON OF ARENA AND ENTERTAINMENT FACILITIES IN GEORGIA AND SOUTH CAROLINA

Criteria	Greenville Bi-Lo	North Charleston	Macon	Columbus	Chastain Park Amphitheater	Gwinnett County	Proposed Augusta
SITE CRITERIA							
Site area	Land-locked built on county-owned land	Unknown acreage	35 acres	90 acres on city-owned site	Small portion of city- owned large park	82 acres - land donated	148 acres
Parking	400 - joint use of surrounding parking facilities	3,627 - paid 3.86 seats per space	3,000 - paid 3.07 seats per space	4,424 2.26 seats per space	1,005 Need 2,300	5,000 + building more 2.6 seats per space	4,000 3.0 seats per space
Location	Downtown	Suburban on interstate	Fringe of downtown on interstate	Downtown	Fringe of large park next to single family homes	Suburban on interstate - envisioned to be community hub by 2020	Suburban
Road Access	Arterial streets	Arterial streets close to I-526	Arterial close to I-16	Arterial	2-lane residential road	4-lane road close to I-85	4-lane road close to I-20
Related Uses On Site	Hotels Restaurants Office buildings Performing Arts Conf/Conv/Trade Outdoor playing fields	No No Yes No Yes No	No No No No Yes No	No No No No No Yes	No No No No No Yes	Yes Yes Yes Yes Yes No	Unknown Unknown Yes No No Yes - equestrian

- The Gwinnett County, Columbus, and proposed Augusta facility offer the largest sites ranging in size from 82 acres for Gwinnett County, 90 for Columbus, and 148 for the Augusta site. The other locations lacked adequate space for future expansion, multi-use activities, and parking.
- The sites with the best road access via interstate locations include North Charleston, Macon, Gwinnett County, and the original Augusta site at Riverwatch and I-20. Interstate access is a plus when considering patrons of the arena may travel from as far away as 60 miles.
- Onsite parking was inadequate at all sites except Columbus and Gwinnett County according to management officials of the arenas. Gwinnett County has a ratio of 2.6 seats per parking space while Columbia had 2.26 seats per space. Gwinnett County is planning to build an additional park deck.
- The proposed Augusta facility has a less desirable ratio of 3.0 seats per parking space.
- The facilities with the best road access include the North Charleston, Macon, Gwinnett County, and the Augusta facility proposed for Riverwatch Parkway.
- The Gwinnett County and North Charleston facilities had the widest range of related uses adjacent to their sites such as hotels, restaurants, office buildings, and performing arts, conference, and convention centers.
- Considering all of the site criteria, Gwinnett County is the best example of a full-service facility followed closely by North Charleston.

ILLUSTRATION 3.3

COMPARISON OF ARENA AND ENTERTAINMENT FACILITIES IN GEORGIA AND SOUTH CAROLINA

Criteria	Greenville Bi-Lo	North Charleston	Macon	Columbus	Chastain Park Amphitheater	Gwinnett County	Proposed Augusta
MANAGEMENT CRITERIA							
Oversight	9 member authority	Mayor's staff	Development Bd - City enterprise fund	City	City	Outsourced - reports to CVB	7-member arena authority
Manager	Outsourced - SMG	Outsourced - SMG	City staff - no promoter	City staff - did promote	Outsourced - Non-profit coordinates stake holders	Outsourced-SMG	Outsourced
Staff	Outsourced - 30	26	50	55	Majority outsourced	Outsourced	Outsourced
Concession/catering	Outsourced	Outsourced - 188 8' x 10' booths	In-house	Concession -Outsourced Catering - in- house	Outsourced	Outsourced	Outsourced
Advertising	In building and arena	In arena	Very little around rink	In arena	Very little	Little	Unknown
Marketing	Outsourced	Outsourced	None	Some	None	Yes - gets%	Unknown
Events/performance per year	125 performances	150 performances	150 performances	164 performances	70-72 shows a year rain or shine - April - October	250 performances	133 performances

- The best run facilities all use outsourced management as shown by Greenville, North Charleston, and Gwinnett County. The use of a professional management group appears essential for a profitable and well-run operation.
- Operations using city staff such as Macon and to a lesser degree Columbus seemed to lack the sophistication and job skills needed to manage an arena.
- The two city operations had about double the staff - 55 compared to 26 - needed to operate a facility.
- Outsourcing concessions while sharing a percentage of the revenue seems to be the best alternative.
- Advertising revenues seemed to be under-utilized in all arenas.
- Marketing was best carried out in outsourced management rather than city management arenas.
- The majority of arenas had 125 to 150 performances per year while Gwinnett County had 250 per year.

ILLUSTRATION 3.4

COMPARISON OF ARENA AND ENTERTAINMENT FACILITIES
IN GEORGIA AND SOUTH CAROLINA

Criteria	Greenville Bi-Lo	North Charleston	Macon	Columbus	Chastain Park	Gwinnett County	Proposed Augusta
FINANCIAL CRITERIA							
Arena Net Revenue for Debt Service	\$1.5 million	\$4.5 million	Not available	Not available	Not available	Paid for when opened	Not available
Self-sustaining	Yes	Yes	No	Barely	Yes	Yes - rent is \$50,000 per day + set-up fees Promoters come to them	Unknown
Naming Rights	\$3.5 million	None	None	None	None	Under consideration	Under consideration
Sources of Funds - Construction & Operations							
SPLOST	No	No	Yes	Yes	No	Yes	Yes
Hotel/Motel Tax	Yes	Yes	Yes	Yes (\$633,000)	No	Yes	No
Seat Tax	Yes	Yes	No	No	Unknown	No	No
Suites	Yes - annual fee with no tickets	Yes	No	No	no	Yes - \$70,000 per year with 12-14 tickets for all events - 3 year contract	Yes
Concessions, etc.	No	Yes	Yes - City gets 40% of sales	Yes - City gets %	Yes - City gets % but public can bring own food and drink	Yes - 30% of food & merch.	Yes
Property Tax	Yes	Yes	No	No		No	No
Private	No	No	No	Yes - \$5 Million		Yes land donated	\$3.4 Million
Arena Bond	No	Yes	No	No	No	No	Yes

- The arenas with the highest net revenue exceeding expenses include Greenville and North Charleston. Greenville projects about \$1.5 million being available for debt service while North Charleston shows about \$.45 million available for debt service.
- The Macon and Columbus facilities are supported by the Cities and do not generate a substantial profit. Gwinnett County's facility was paid for by SPLOST and other revenue streams and does not require operational surpluses to cover debt services.
- Only Greenville used naming rights as a revenue source that provides a total of \$3.5 million over 10 years.
- The Georgia arenas utilized SPLOST while those in South Carolina (probably due to State laws) did not.
- A seat tax was employed in Greenville, North Charleston, and Gwinnett County and appears to be a good revenue option.
- Suites are available in Greenville, Gwinnett County and to a limited extent in North Charleston and are a positive addition and a good revenue source.
- Sharing a percentage of revenue from concessions is desirable and is utilized in North Charleston, Macon, Columbus, and Gwinnett County.
- Property tax revenues are utilized by arenas in Greenville and North Charleston since SPLOST is limited to Georgia facilities.
- Private participation was utilized in Columbus and Gwinnett County.

How the Gwinnett County Arena Was Developed

Following the site visit to the Gwinnett County Arena, former County Administrator Charlotte Nash and former Board of Commission Chairman Wayne Hill were invited to Columbia County on March 10, 2005, to outline how the Gwinnett County Arena was developed. A summary of their comments concerning site selection, facility design, management, and financing follows.

- Site Selection – A portion of the present site was donated by the Eastern Airlines Retirement Group to expedite development of their remaining property which adjoined the arena site. At the time the property was donated to the County, there were no arterial roads or I-85 interchange near the site. The land was donated in hope that the County would build transportation improvements to serve a rapidly growing Gwinnett County.

Both Charlotte and Wayne advised the Arena Committee to get as much land as you think you could possibly ever use and then get options on more. Gwinnett County has about 90 acres and is now planning to build a parking deck for additional parking. The possibility of bringing in a minor league baseball team and related stadium was abandoned due to lack of property near the arena.

Gwinnett County worked closely with the Georgia DOT to construct a 4-lane divided arterial and I-85 interchange at Sugarloaf Parkway. The transportation improvements spurred related commercial, residential, and hotel development.

- Facility design – Planning for the facility took more than two years. An arena management company, SMG, was used to review and comment on the design before it was bid. In addition, a “contractors-at risk” approach was used where two contractors review the arena design prior to bidding. Once the project was bid out and the low contractor selected, then the unsuccessful bidder was paid \$25,000 for their time and expertise in the design process. By using both a management firm and contractors in the design process, operational issues and value engineering issues were addressed prior to bidding.
- Management – Management of the facility is outsourced to SMG. SMG contracts with vendors for set-up, vending, maintenance, etc. The contract with SMG is managed by the Gwinnett Convention and Visitors Bureau (CVB). The County government provides oversight of the activities of the CVB.

The Gwinnett Development Authority issued the bonds to build the arena. Once the bonds were issued, the Development Authority’s role in the project was finished.

- Financial – The \$90 million facility was built using \$25 million in Gwinnett County fund balance and a \$65 million bond that was repaid using SPLOST funds. The facility was opened with no outstanding debt.

The operating budget is funded with rental fees charged to use the facility and hotel/motel taxes. The Gwinnett County Arena became self-sufficient within two years of operation.

Promoters come to the management firm, SMG, who charges a flat fee per day and set-up and other operational charges. There is no charge for parking as a convenience to patrons of the facility.

Following Wayne's and Charlotte's presentation to the Arena Committee, the following additional information was sent to the County Administrator to clarify further how the bond issue was structured.

Revenue bonds were issued by the Development Authority with both the CVB and the County involved as well. Meeting State law on the use of hotel/motel taxes, bond requirements, and Federal tax law was complicated. Since the County was not a party directly to many of the contractual transactions (i.e., the agreements with the sports franchises), Gwinnett County required review of all contracts prior to execution. A separate legal firm, Kutak Rock, was employed to look out for the County's interest in these transactions.

Since the bonds were variable rate debt with a weekly rate reset feature, Gwinnett County did not follow their normal practice of placing the bonds with an underwriter through a competitive bid process. Instead, a competitive proposal process was used to choose the underwriter/re-marketing agent. Due to its complexity, the RFP process was designed and managed by an external financial manager. Key County staff served on a selection committee with the financial adviser, and recommendations from this group were presented to the Board of Commissioners for review and approval.

Since the bonds have a variable rate, a collar was purchased to limit the amount of interest rate risk associated with the debt. A contract with a Liquidity Provider was executed since the bonds had a variable rate.

To complete the transaction, Gwinnett County used the services of a Bond Counsel, Disclosure Counsel, County Attorney, Special External Counsel for Contractual Transactions, Development Authority Counsel, and CVB Counsel. Additional information concerning this transaction is available if required.

Typical Gwinnett County Arena Events

Concerts, sports, family shows, religious, and high school graduations that occurred in 2004 are shown in Illustration 3.5.

Illustration 3.6 shows the gross ticket sales, number of tickets, and concerts in 2003. Thirteen of the 30 concerts were sold out.

This information is presented to indicate the type and variety of events that are possible in a well-designed and managed arena.

Illustration 3.5

The Arena at Gwinnett Center 2004 Events

Concerts

George Strait	Sarah Brightman	Kid Rock	Kelly Clarkson
Vicente Fernandez	Barenaked Ladies	Andre Rieu	Martin Nievera
Hillary Duff	Los Temerarios	Lonestar	Gloria Estefan
Joan Sebastian	Incubus	Beastie Boys	Green Day
REM	Juan Gabriel	Bette Midler	Cher
Larry the Cable Guy	Willie Nelson	Metallica	Kenny Rogers
Big & Rich	Star 94 Jingle Jam	Mistletoe Jam	A Perfect Circle
Steven Curtis Chapman	Trans Siberian Orchestra	Dashboard Confessional	
Rheinhardt Bhonke	Temptation 2004		

Gwinnett Gladiators Hockey

Columbus	Greensboro	South Carolina	Charlotte Checkers
Greenville Grrrrowl	Florida Everblades	Roanoke	Greenville Grrrrowl
Florence	Pensacola Ice Pilots	Greenville Grrrrowl	Louisiana IceGators
Pensacola Ice Pilots	Greensboro	Augusta Lynx	Florence
Columbia Inferno	Alaska	Columbus	Florence
Playoff – Mississippi (2)	Playoff – Louisiana (2)	Playoff – Idaho (2)	Pee Dee Pride
Augusta Lynx	GreenvilleGrrrrowl	Mississippi	Texas
Charlotte Checkers	South Carolina	Mississippi	Greenville Grrrrowl
Florida Everblades	Charlotte Checkers	Columbia	Columbia

Georgia Force Arena Football

New Orleans	Las Vegas	Tampa Bay	Orlando
New York	San Jose	Austin	Carolina

Family Shows and Sporting Events

US Figure Skating Championships	World's Toughest Rodeo	Circus Matrix
America's Best Cheer & Dance	GA High Assn School Basketball	WWE Raw
SEC Gymnastics Tournament	Atlanta's Best Cheerleading	Lucha Libre (2)
Atlanta HS All-Star Basketball	Blues Clues	Wiggles
WWE Armageddon	Dixie Nationals Wrestling	JAMfest
GHSAA Basketball	Deep South Basketball	US Cowboy Tournament

Religious & Community

Teen Mania Ministries	Dare 2 Share	Jehovah's Witnesses (3)
United Church's Serving Together	The Injoy Group	BAPS
Bellsouth Classic		

Gwinnett County High School Graduations

Duluth	Collins Hill	Meadow Creek	South Gwinnett	Dacula
Norcross	North Gwinnett	Peachtree Ridge	Grayson	Phoenix

The Arena at Gwinnett Center

You're the Ticket to Our Success.



Thank you for helping make our inaugural year a huge success. We appreciate your continued support.

Cooley/Conlon/Clear Channel Entertainment, House of Blues, Concerts West/AEG, Beaver Productions, B-F Promotions, JS Touring, NYK Productions, Premier Productions, The Messina Group, La Favorita, Mark Premji.

For booking information please call Jerry Goldman, Arena Booking Manager, 770-813-7558.
For more information please visit www.gwinnettcenter.com.

George Strait **SOLD OUT**
Bruce Springsteen **SOLD OUT**
Alan Jackson **SOLD OUT**
Coldplay **SOLD OUT**
Good Charlotte, New Found Glory
Avril Lavigne **SOLD OUT**
Marco Antonio Solis
Megastar Mania
Adnan Sami and Asha Bhosle **SOLD OUT**
ZZ Top
Journey, REO Speedwagon, Styx **SOLD OUT**
Tom Petty and the Heartbreakers
Indigo Girls
Fleetwood Mac
Hank Williams Jr.
Full Tilt Boogie – Tommy James, Ben E. King, The Turtles, Peter Noone
Los Temerarios
Mana **SOLD OUT**
Good Charlotte, Eve 6, GoldFinger
Nickelback
Lynyrd Skynyrd
Luis Miguel **SOLD OUT**
Elton John **SOLD OUT**
Michael W. Smith, Point of Grace **SOLD OUT**
Martina McBride
Mannheim Steamroller **SOLD OUT**
Jingle Jam – Barenaked Ladies, Sarah McLachlan, Maroon 5, Jessica Simpson **SOLD OUT**
Trans-Siberian Orchestra
Sarah Brightman
Kid Rock



SECTION 4

PROPOSED FACILITY FOR COLUMBIA COUNTY

SMG – Lessons Learned

It became apparent that the financially profitable arenas the Committee visited had developed a private/public partnership for the management and operation of the arena, and that it was vital for the management partner to be determined and brought into the planning and designing phase as soon as possible. Two representatives from SMG, Harry Cann and Preston Williams, made a presentation on their company which provides private management for public facilities. Preston Williams is the General Manager of the Gwinnett Center in Atlanta and gave great insight into how Gwinnett streamlined the development and building of its arena to become one of the most cost-effective arenas of its size. Through their expertise, SMG promoted several value-added suggestions which greatly enhanced the comfort and accessibility for both the “front door” and “back door” customer at Gwinnett.

Private management typically provides programming, ticketing initiatives, staffing, less financial risk to the government, accountability, expertise, and pre-opening consulting. SMG’s management services include concessions, event scheduling, parking, security, team leases, ticketing, and community relations. For an arena to be successful, marketing and promotion is essential. SMG provides event development, booking, and production; group sales; advertising; public relations; sales promotion, and suite marketing and leasing. SMG has a large share of this type of business nationwide; therefore, it has more leverage in the industry for promotions and tours.

Preston and Harry felt the County’s geographic location was ideal for routing performers (i.e., on I-20 between Atlanta and Columbia with continued easy access to Charlotte, Greenville, Savannah, Charleston, etc.) and that we could realistically expect to have 12-15 family shows, 25-30 sports performances, and 20-25 concerts annually at an arena in this area. They stated that while an arena helps to promote community identity and visibility, civic pride, tax revenues, and spin-off business, there were potential pitfalls. In the development phase, project management is critical as well as site conditions and assessments and determining the pre-opening requirements. Before completion and the beginning of the operational phase, long-term leases and agreements (e.g., resident sports team deals, outsourcing service agreements, etc.) need to be signed as well as determining realistic business plans and financial expectations. Feasibility studies, extensive planning, and communication with all groups/users are essential.

Facility, Site, Management, and Financial Criteria

After reviewing five arenas in Georgia and South Carolina and the proposed Augusta arena, the Committee was asked to outline a preferred or prototype facility for the Columbia County-Augusta Area. The criteria outlined in the previous chapter concerning the facility, site, management, and financial considerations were used to outline the type of facility that could best serve this area.

ILLUSTRATION 4.1
DRAFT PROPOSED COLUMBIA COUNTY ARENA

Criteria	Proposed
FACILITY	
Earliest Opening Date	2010
Seating	12,000 – 13,000
Suites	30
Club Seats	1000
Construction Cost	\$100,000,000
Building Features	
Elevators	At least two – one for public and one for freight
Lobby	Indoor box office
Flooring	Carpeting in public areas
Curtain	Yes, motorized
Shops	Yes
Storage	Ample – to be determined by outsourced management company
Loading Docks	2-4 “back-up” loading docks
Equestrian Facilities	Yes – unique feature that no other facility has in the two-state area
Service Area	60 miles
Relationship to other uses	Hotels, convention, performing arts, greenspace, equestrian, outdoor events
Design Period	1.5 to 2 years
Construction Period	2 years
SITE	
Site area	150 acres
Parking	5,000
Location	Suburban
Road Access	In sight of I-20 corridor with 4-lane road access
Related Uses Onsite	
Hotels	Yes
Restaurants	Yes
Office Buildings	Yes
Performing Arts	Yes
Conference/Convention/Trade	Yes
Outdoor playing fields	Yes
Grass Areas for Overflow Parking	Yes – can also serve as recreation practice fields
Multi-Use Public Areas	Yes
MANAGEMENT	
Oversight	Outsource – have strict management agreement with professional company. BOC and staff to have policy oversight. Have management company help with design.
Manager	Outsource
Staff	Outsource
Concession/Catering	Outsource – share revenue
Advertising (event related)	Outsource
Marketing (facility related)	Outsource
Events/performances per year	Minimum of 150
FINANCIAL	
Arena Net Revenue for Debt Service	\$500,000 to \$1,000,000 per year
Self-Sustaining	Yes – for operations. Ideally, to provide some funds for debt service
Funds – Construction & Operations	
SPLOST	Yes
Naming Rights	Yes
Hotel/Motel Tax	Yes
Seat Tax	Yes
Suites	Yes
Concessions/Catering	Yes
Revenue Bond	Yes – for water and sewer lines
Private	Yes - (e.g., land donation, selling of out-parcels, construction of stables, hotels, restaurants)
Arena Bond	Yes – debt service funded primarily by SPLOST
Alcohol Tax	Yes
Advertising	Yes
State Funding	Yes – for capital improvements such as road improvements
Tax increment financing	Yes
Property Tax	Last option

SECTION 5

FINANCING OPTIONS

The final step in evaluating the desirability of having an arena/entertainment facility in Columbia County is to provide preliminary financing options for review by the Columbia County Board of Commissioners and citizens. This chapter reviews the proposed financing for the June 21st Augusta Arena Referendum, projected growth of Columbia County taxes, alternative financing options, and a sample financing option for an arena.

Augusta Arena Financing

From a newspaper account in the May 4th *Augusta Chronicle*, Augusta Entertainment LLC proposed a public-private partnership with Augusta to build and operate a sports arena at the Regency Mall site. Augusta would own the arena and site which would be financed with the following:

- \$60 million from an Augusta General Obligation (GO) Bond that voters would be asked to approve on June 21, 2005. Funds for the bond debt service would come from an increase in the property tax millage rate.
- \$24 million from revenue bonds issued by Augusta to be repaid from hotel-motel and alcohol beverage taxes.
- If needed, \$10 million from revenue bonds issued by Augusta to be paid from revenues generated by the operation of the arena. The payment of these revenue bonds would be guaranteed by Augusta Entertainment LLC. If any proceeds of the revenue bonds were not needed for construction of the facility, then they could be used to cover operating expenses.

Any net income of the Augusta arena after payment of debt service on the revenue bonds would be divided equally between the City of Augusta and Augusta Entertainment LLC. Before the financing arrangement between the City of Augusta and Augusta Entertainment LLC could take place, an agreement covering design, development, and construction would have to be approved by both parties.

Projected Financial Growth in Columbia County

As shown by Illustration 5.1, SPLOST and property, hotel-motel, and alcohol taxes are all projected to increase over the next ten years based on previous growth experience. For example, SPLOST projections show a potential growth from 2005 to 2011 of about \$10.7 million or an increase of about 77 percent. A portion of the increased SPLOST collections could be used to pay the debt service for a GO bond to pay for an arena. During the same period, the property tax digest is projected to grow from \$2.7 billion to about \$3.9 billion or an increase of more than 40 percent.

Illustration 5.1

Revenue Projections for SPLOST, Property Tax Digest, and Hotel-Motel and Alcohol Taxes

YEAR	SPLOST*	TAX DIGEST*	HOTEL-MOTEL TAX**	ALCOHOL TAX**
2005	\$13,911,297	\$2,745,715,454	\$312,601	\$854,806
2006	\$15,302,427	\$2,910,458,381	\$343,861	\$923,190
2007	\$16,832,670	\$3,085,085,884	\$378,248	\$997,045
2008	\$18,515,937	\$3,270,191,037	\$416,072	\$1,076,809
2009	\$20,367,530	\$3,466,402,499	\$457,680	\$1,162,954
2010	\$22,404,283	\$3,674,386,649	\$503,448	\$1,255,990
2011	\$24,644,712	\$3,894,849,848	\$553,793	\$1,356,469
2012	\$27,109,183	\$4,128,540,839	\$609,172	\$1,464,987
2013	\$29,820,101	\$4,376,253,289	\$670,089	\$1,582,186
2014	\$32,802,111	\$4,638,828,487	\$737,098	\$1,708,761
2015	\$36,082,323	\$4,917,158,196	\$810,808	\$1,845,462

*SPLOST and Tax Digest are based on 10% and 6% growth rates, respectively

**Hotel-Motel tax and Alcohol tax are based on 10% and 8% growth rates, respectively

Illustration 5.1 also shows potential growth in the hotel-motel and alcohol taxes. It is more difficult to project future motel and alcohol taxes than the sales and property tax because specific facilities need to be constructed for motels and establishments selling alcohol by the drink. If current growth trends continue, the hotel-motel tax could grow from about \$300,000 per year to more than \$800,000 in 2015. The alcohol tax has the potential to increase from \$850,000 per year to more than \$1,800,000 in 2015. Again, growth of these taxes is directly related to the number of facilities offering motel rooms and alcohol beverage sales. Further study of the hotel-motel and alcohol taxes is needed before a portion of the growth in these taxes could be used for debt service to retire bonds.

Alternative Financing Options

In addition to SPLOST, property tax, and hotel-motel and alcohol taxes, there are other potential sources of funds to pay for improvements related to an arena. A brief discussion of each funding alternative taken from information outlined in the *Central Martinez Area Study* follows:

- **Community Improvement Districts (CIDs):** A CID is a self-imposed, self-taxing district run by a non-profit organization. A CID is charged with raising funds from commercial properties for public improvements. The viability of a CID would depend on adjacent commercial development such as hotels, retail, and restaurants.
- **Tax Allocation Districts (TADs):** A TAD is a special district created by a government in which bonds are issued by the government to support public improvements associated with new development. These bonds are retired with taxes generated by new development.
- **Local Bonds:** The County could also issue GO (General Obligation) bonds to fund quality-of-life improvements. These bonds would require voter approval and would be retired through SPLOST collections or an increased millage rate.

- **Arena Revenues:** Funds from naming rights, a seat tax, parking revenues, concessions, and operating profits and sale of suites could be used to reduce the amount borrowed.
- **Private Donations and Partnerships:** Participation by arena users in the cost of developing the arena and related facilities such as stables for equestrian events is a possibility and needs to be pursued. A local match for transportation improvements could also be obtained through soliciting area property owners and businesses.
- **Transportation Funds:** Transportation projects funded through the Metropolitan Planning Organization (MPO) and the Transportation Improvements Program (TIP) could target future transportation improvements needed for access to an arena.
- **Water, Sewer, and Stormwater Bonds:** Utility improvements to serve water, sanitary sewer, and possibly stormwater needs could be funded through revenue bonds with the debt services being paid by utility user fees.

Sample Financing Option for an Arena

In the Augusta proposal for the June 21st Referendum, \$94 million is proposed to build the arena. The total amount consists of \$60 million in General Obligation bonds to be paid from a property tax increase, \$24 million from revenue bonds (debt service to be paid from hotel-motel and alcohol taxes), and \$10 million in revenue bonds to be paid from revenues generated by the operation of the arena.

The source of funds for a Columbia County arena as outlined on page 25 calls for \$100 million in bonds to cover projected construction costs. The estimated annual debt service from future SPLOST proceeds to pay the principal and interest for a \$100 million General Obligation bond is about \$6.1 million per year for thirty years. The projected amount in SPLOST proceeds starting in 2011 of \$24.6 million per year is sufficient to cover the arena debt service and fund other needed projects.

Illustration 5.2 shows the debt service required for a \$100 million GO bond for a financing period of 30 years. The sample financing option was prepared by Merrill Lynch & Co., the County's public finance firm.

Besides showing the annual amount of debt service required for an arena, Illustration 5.2 also shows the property tax millage rate required to raise about \$6.1 million per year. With a conservative annual growth rate of 2.5% per year, the millage required for the debt service ranges from a high of 2.2 mills in 2006 to a low of 0.89 mills in 2035.

To use SPLOST funds during the 30-year life of the GO bond, a series of SPLOST referendums starting in 2010 and occurring every five years would have to be passed by the County voters. If a SPLOST referendum should fail during the 30-year debt period, the County would be obligated to pay the debt through a property tax millage rate increase.

SPLOST funds are proposed by the Arena Committee to pay the debt service for the arena bonds as shown at the bottom of page 25. Property taxes could also be used to pay the arena bond debt service, but the Arena Committee unanimously felt that property tax should be the last option

considered to pay arena bond debt service. To reduce the amount of SPLOST funds required, all of the alternative financing options outlined in this chapter such as hotel/motel taxes, alcohol taxes, CIDs, TADs, arena revenues, private donations and partnerships, transportation funds, and revenue bonds need to be evaluated. If the availability of these alternative financing options is verified, then a portion of these funds could be used to reduce the amount of debt service required from SPLOST.

Until an operational plan for an arena is developed, it is recommended that projected arena revenues not be earmarked to pay off proposed revenue bonds. Any revenues from the arena need to be reserved for contingencies and to repair, maintain, and operate the facility. From information learned on trips to arenas, it is unusual to have surplus arena revenues in the first few years of operation.

As part of the arena development, potential related uses such as hotels, restaurants, shopping centers, conference and convention facilities, and performing arts theaters need to be explored. If related commercial ventures can locate near an arena, additional property tax and sales tax revenues can be generated.

Illustration 5.2

May 9, 2005 9:30 am Prepared by Merrill Lynch & Co.

(Finance 5.011 Columbia County:CCNEWM-2005_30) Page 1

TAX LEVY

Columbia County GO
Series 2005
30 Year Financing
Level Debt Service

Estimated Tax Digest with 2.5% Growth After 2011

Period Ending	Principal	Interest	Debt Service	Net Levy	Assessed Valuation	Mill Levy
12/31/2005		1,278,527.69	1,278,527.69	1,278,527.69	2,745,715,000.00	
12/31/2006	1,785,000.00	4,315,394.50	6,100,394.50	6,100,394.50	2,910,458,000.00	2.221787
12/31/2007	1,840,000.00	4,260,283.50	6,100,283.50	6,100,283.50	3,085,086,000.00	2.095987
12/31/2008	1,895,000.00	4,201,911.75	6,096,911.75	6,096,911.75	3,270,191,000.00	1.976253
12/31/2009	1,960,000.00	4,139,928.00	6,099,928.00	6,099,928.00	3,466,405,000.00	1.865312
12/31/2010	2,025,000.00	4,073,960.00	6,098,960.00	6,098,960.00	3,674,386,000.00	1.759448
12/31/2011	2,095,000.00	4,003,591.75	6,098,591.75	6,098,591.75	3,894,850,000.00	1.659758
12/31/2012	2,170,000.00	3,928,292.00	6,098,292.00	6,098,292.00	3,992,221,250.00	1.565732
12/31/2013	2,250,000.00	3,847,828.00	6,097,828.00	6,097,828.00	4,092,026,780.00	1.527427
12/31/2014	2,335,000.00	3,762,067.25	6,097,067.25	6,097,067.25	4,194,327,450.00	1.489987
12/31/2015	2,430,000.00	3,670,555.50	6,100,555.50	6,100,555.50	4,299,185,640.00	1.454478
12/31/2016	2,525,000.00	3,573,170.75	6,098,170.75	6,098,170.75	4,406,665,280.00	1.418448
12/31/2017	2,630,000.00	3,469,660.50	6,099,660.50	6,099,660.50	4,516,831,910.00	1.384190
12/31/2018	2,740,000.00	3,359,553.50	6,099,553.50	6,099,553.50	4,629,752,710.00	1.350405
12/31/2019	2,855,000.00	3,242,737.75	6,097,737.75	6,097,737.75	4,745,496,530.00	1.317076
12/31/2020	2,980,000.00	3,119,166.00	6,099,166.00	6,099,166.00	4,864,133,940.00	1.285253
12/31/2021	3,110,000.00	2,988,671.50	6,098,671.50	6,098,671.50	4,985,737,290.00	1.253804
12/31/2022	3,250,000.00	2,850,801.00	6,100,801.00	6,100,801.00	5,110,380,720.00	1.223651
12/31/2023	3,395,000.00	2,705,091.25	6,100,091.25	6,100,091.25	5,238,140,240.00	1.193667
12/31/2024	3,545,000.00	2,551,178.00	6,096,178.00	6,096,178.00	5,369,093,740.00	1.163806
12/31/2025	3,710,000.00	2,388,278.50	6,098,278.50	6,098,278.50	5,503,321,090.00	1.135812
12/31/2026	3,885,000.00	2,213,717.75	6,098,717.75	6,098,717.75	5,640,904,110.00	1.108189
12/31/2027	4,070,000.00	2,027,968.50	6,097,968.50	6,097,968.50	5,781,926,720.00	1.081027
12/31/2028	4,265,000.00	1,833,346.25	6,098,346.25	6,098,346.25	5,926,474,880.00	1.054726
12/31/2029	4,470,000.00	1,629,384.00	6,099,384.00	6,099,384.00	6,074,636,760.00	1.029176
12/31/2030	4,685,000.00	1,415,614.75	6,100,614.75	6,100,614.75	6,226,502,680.00	1.004276
12/31/2031	4,910,000.00	1,187,889.00	6,097,889.00	6,097,889.00	6,382,165,240.00	0.979344
12/31/2032	5,155,000.00	945,322.50	6,100,322.50	6,100,322.50	6,541,719,370.00	0.955839
12/31/2033	5,405,000.00	690,826.50	6,095,826.50	6,095,826.50	6,705,262,360.00	0.931839
12/31/2034	5,675,000.00	423,798.50	6,098,798.50	6,098,798.50	6,872,893,920.00	0.909554
12/31/2035	5,955,000.00	143,515.50	6,098,515.50	6,098,515.50	7,044,716,260.00	0.887329
	100,000,000.00	84,242,031.94	184,242,031.94	184,242,031.94		

BOND SUMMARY STATISTICS

Columbia County GO
Series 2005

30 Year Financing

Level Debt Service

Estimated Tax Digest with 2.5% Growth After 2011

Dated Date	06/15/2005
Delivery Date	06/15/2005
Last Maturity	04/01/2035

Arbitrage Yield	4.530479%
True Interest Cost (TIC)	4.530479%
Net Interest Cost (NIC)	4.573476%
All-In TIC	4.703149%
Average Coupon	4.573476%

Average Life (years)	18.420
Duration of Issue (years)	12.028

Par Amount	100,000,000.00
Bond Proceeds	100,000,000.00
Total Interest	84,242,031.94
Net Interest	84,242,031.94
Total Debt Service	184,242,031.94
Maximum Annual Debt Service	6,100,801.00
Average Annual Debt Service	6,183,771.35

Underwriter's Fees (per \$1000)

Average Takedown

Other Fee

Total Underwriter's Discount

Bid Price	100.000000
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Bond Component	Par Value	Price	Average Coupon	Average Life
Series Starting in 2006	51,525,000.00	100.000	4.182%	11.585
Term Bond in 2030	21,375,000.00	100.000	4.670%	22.888
Term Bond in 2035	27,100,000.00	100.000	4.820%	27.891
	100,000,000.00			18.420

	TIC	All-In TIC	Arbitrage Yield
Par Value	100,000,000.00	100,000,000.00	100,000,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-2,000,000.00	
- Other Amounts			
Target Value	100,000,000.00	98,000,000.00	100,000,000.00
Target Date	06/15/2005	06/15/2005	06/15/2005
Yield	4.530479%	4.703149%	4.530479%

SECTION 6

FINDINGS AND RECOMMENDATIONS

1. Finding: Columbia County voters supported civic center development.

- More than 60% of the 20,435 voters in the Republican Primary Election in July 2004 stated that they would favor building a civic center in Columbia County in the event that Augusta-Richmond County does not build a new civic center.

Recommendation:

Monitor the projected SPLOST and General Obligation Bond Referendums in Augusta-Richmond County to determine if a new arena is on the ballot and approved.

At the June 21, 2005 Referendum in Augusta-Richmond County, 68% of the voters rejected a proposed \$60 million property tax bond referendum to build a multipurpose sports/entertainment complex.

Another referendum in Augusta-Richmond County is being discussed for November 8, 2005 to upgrade the existing Augusta-Richmond County Civic Center for \$29 million. This project would be funded by SPLOST funds. The results of this upcoming referendum need to be considered before Columbia County proceeds with further steps toward planning an arena.

2. Finding: Augusta's Metropolitan Statistical Area's (MSA) population can support a 12,000 seat arena.

- Augusta's MSA population is ranked as the second largest in Georgia. Its MSA population is more than communities like Savannah, Columbus, and Macon that have arenas.
- Columbia County is the fastest growing and has the highest median income of any county in the Augusta MSA.
- An arena in Columbia County has about the same population within a 60 mile service area as North Charleston and Columbus. Columbia County's service area has significantly less population than Gwinnett County, Greenville, Columbia, and Macon.

Recommendation:

Include a review of projected population information in the market study proposal if the arena proposal is endorsed by County officials.

3. Finding: Columbia County has a low percentage of effective buying income being spent in the County.

- Only 50.59% of Columbia County's effective buying income is spent in the County. This means that SPLOST funds amounting to more than \$9.8 million annually go uncollected by Columbia County since the purchases are made elsewhere.
- Richmond County collects 109.33% of their effective buying income which means purchases are made from citizens from surrounding areas.
- The average in Georgia for retail sales as a percentage of effective buying income is 72.17%. If Columbia County's retail sales were equal to the state average, then the County would collect \$4.3 million more annually in SPLOST funds.
- The debt service for arena financing could be supported by an increase in County SPLOST collections in line with the Georgia averages of about 72% and continued growth in the amount of purchases made.

Recommendation:

Monitor the changes in Columbia County sales tax collections as a result of proposed shopping center development related to the Target, Marshall, and other centers being planned or constructed. The increased revenue from SPLOST may be enough to support the debt service for an arena.

Public awareness of the importance of making purchases in Columbia County needs to be increased. The County could include articles in its publications and on its website, and the Chamber of Commerce could be encouraged to promote a "Buy Columbia County" initiative.

4. Finding: All arenas visited by the Committee offered a wide variety of sporting, entertainment, family, religious, and high school events. An illustration of events offered by an arena is outlined on page 22.

Recommendation:

Examine the list of events and determine if an arena would provide the type of activities that area residents would enjoy and support. To a large extent, the reason for even considering an arena is the type of events that will be available to area residents.

5. Finding: The process followed by Gwinnett County is a good example of how to develop an arena.

- First, a site was obtained through donation in exchange for transportation improvements that benefited all parties.
- A large site, about 90 acres, was acquired, but a larger site of 150 or more acres would be better.
- A professional arena management company, an architectural firm, and contractors were brought in to develop plans for the arena jointly.
- Management of the arena was outsourced to a professional management company when the arena was opened.
- The project was financed through a combination of County fund balance, SPLOST funds, and revenue bonds issued by the Development Authority.
- The Convention and Visitors Bureau managed the contract of the arena management firm.
- Hotel/motel taxes were used to supplement arena operation.

Recommendation: Utilize the steps followed by the highly successful Gwinnett Arena.

- After appropriate feasibility studies, acquire a site through negotiation with a property owner/s.
- Develop a plan to construct required infrastructure.
- Select a management firm, architect, and possibly a construction management firm to develop an operationally-efficient and cost-effective structure.
- Outsource management of the arena.
- Use multiple sources of revenue such as SPLOST, hotel/motel taxes, revenue bonds, general obligation bonds, etc. to finance the project.

6. Finding: The Augusta Arena Plan prepared by Scheer Game Sports Development compares favorably with competitive sites.

- The proposed 12,000 seat facility is in the middle range between the 9,200 seat Macon facility and the 16,000 seat Greenville arena.
- The proposed equestrian facilities in the proposed Augusta Arena are unique among the five sites visited and offer an advantage for performances featuring horses.
- The Augusta plan has only 20 suites compared to 30 at Greenville and Gwinnett County.
- The Augusta site with almost 150 acres is larger than all competitive sites and offers enough space for parking and equestrian-related buildings.

Recommendation:

- Utilize the Augusta Plan as a prototype for a potential arena in Columbia County.
- Consider increasing the number of suites if market studies indicate support for them.
- Consider acquiring a site of 150 acres or more for the arena and related activities (e.g, conference/convention, equestrian, performing arts, etc.).
- Utilize the information provided in Illustration 4.1 (page 25) to guide decisions on facility requirements, site characteristics, management style, and financial proposals.
- If the decision is made to consider an arena in Columbia County, an updated market study, location evaluation, financial, and architectural studies are needed.

7. Finding: The best location for a facility serving a 60-mile service area appears to be an interstate interchange location on a multi-lane arterial road.

- Gwinnett County, North Charleston and, to a lesser extent, Macon offer interstate access on arterial roads.
- Convenience to hotels, restaurants, and commercial areas is essential and should be given high priority.
- Determining a suitable location for an arena is an executive session matter under Georgia law and is, therefore, not a specific topic for this desirability study.

Recommendation:

Include a location study work element if the arena proposal is endorsed by County officials. As part of the location study, develop a land use program for an arena and other related activities such as conference/convention, equestrian, performing arts, etc.

8. Finding: Projected growth in SPLOST funds from \$13.9 million in 2005 to \$24.6 million in 2011 or about \$10.7 million provides enough funds to support anticipated debt service of \$6.1 million per year for 30 years to pay off a \$100 million arena bond. SPLOST revenue projections are shown in Illustration 5.1 on page 27.

Recommendation:

If the arena concept is pursued by Columbia County, careful consideration of the use of future SPLOST revenues appears to be the best option available to finance a \$100 million project. All alternative financing options outlined in Section 5 also need to be evaluated.

9. Finding: The information reviewed by the Committee to study the desirability of an arena indicates that the feasibility of developing an arena in Columbia County should be pursued by the Board of Commissioners IF Augusta-Richmond County decides not to build one.

At the June 21, 2005 Referendum in Augusta-Richmond County, 68% of the voters rejected a proposed \$60 million property tax bond referendum to build a multipurpose sports/entertainment complex.

Another referendum in Augusta-Richmond County is being discussed for November 8, 2005 to upgrade the existing Augusta-Richmond County Civic Center for \$29 million. This project would be funded by SPLOST funds. The results of this upcoming referendum need to be considered before Columbia County proceeds with further steps toward planning an arena.

Recommendation:

It is recommended that the following steps be followed if the Board of Commission decides to pursue the development of an arena in Columbia County:

- A. Prepare a Request for Proposal (RFP) for a firm(s) to do the following:
 - 1) Market study of Columbia County
 - 2) Location for such an arena
 - 3) Engineering and architectural estimates of building and infrastructure construction costs
 - 4) Management services for an arena including assistance in reviewing operational aspects of an arena
 - 5) Public finance and legal services necessary for a referendum and bond issue
- B. Consult with developers, investors, and landowners on the following:
 - 1) Commercial, hotel, and restaurant sites adjacent to or near the proposed 150 acre site to include an arena, conference/convention hall, equestrian center, performing arts, etc.
 - 2) Participation in the arena project to include naming rights, construction of related buildings for equestrian events, commitment for events in the facility, and financial participation in arena development
 - 3) Option or acquire approximately 150 acres of land for the proposed arena site as determined by the location study
 - 4) Develop a schedule and priority order for constructing an arena and related activities (e.g., conference/convention, equestrian, performing arts, etc.) based on financial commitments from developers, investors, and landowners.
- C. Conduct a series of public meetings that will do the following:
 - 1) Explain the arena proposal
 - 2) Outline financing requirements
 - 3) Seek suggestions, comments, and support
- D. Call for a referendum to approve a bond issue to fund development of an arena
- E. Proceed as directed by the outcome of the arena referendum

SECTION 7

CONCLUSIONS

Sections one through six have discussed objective information gathered through research and onsite visits to various venues in Georgia and South Carolina. The conclusions in this section are the opinions of the thirteen members of the Arena/Entertainment Facility Committee. At the first meeting, Board of Commission Chairman requested that the committee members remain open-minded as they delved into determining the desirability of having an arena/entertainment facility in Columbia County and that they approach the subject with “visionary practicality.”

After spending many hours together attending meetings and traveling to several arenas in the area, this committee became adept at picking the best attributes from different arenas and incorporating them into the proposed arena for Columbia County. Of the four criteria categories used to evaluate the arenas the committee visited (i.e., facility, site, management, and financial), the Gwinnett Arena was felt to be closest to the arena envisioned by the committee.

On a survey taken by committee members, seven factors were to be evaluated. Five factors were evaluated on a scale of 1 to 10 with 1 being the lowest and 10 being the highest, one factor was estimated arena attendance, and the final factor was a “yes or no” indication whether the committee member would vote for a bond referendum. From these numbers, a percentage was figured. The average score for the criteria categories and a brief description of each follows. Please note the high level of agreement by the committee members on each item in the survey. For example, the committee was in total agreement with the proposal to fund an arena through a referendum for General Obligation Bonds to be paid by future SPLOST collection as shown by the score of 100 percent.

- **Facility** – The committee felt an arena which would seat 12,000 – 13,000 would be big enough to draw the type of family-oriented shows and sports this area would support and could be self-supporting by using the sale of 30 suites and 1000 club seats in addition to ticket sales. Having an equestrian facility would be a unique feature and would draw participants from other states. For the long-term success of the facility, further study would need to be done to ensure the building would have enough seating as well as adequate storage, loading docks, elevators, concession areas, and an indoor box office and shops. (For more specifics on the management recommendation, please see Illustration 4.1 on page 25.)

Out of a possible 100%, the Committee voted favorably by 92.3%.

- **Site** – The financially successful arenas were built in suburban locations with enough land to feature other venues such as convention centers, performing arts centers, hotels, restaurants, and outdoor events. The Committee determined a minimum of 150 to 200 acres - preferably in sight of and easy access to an interstate - would be an ideal setting for this type of entertainment/sports center. This joint-use of a site is highly desirable. (For more specifics on the site recommendation, please see Illustration 4.1 on page 25.)

Out of a possible 100%, the Committee voted favorably by 96.8%.

- **Management** – As with any business, the management of an arena is a complicated matter. Experienced and professional management is essential for the planning and financial success of an arena. The Board of Commission would have oversight of this management contract. Marketing, advertising, concessions, catering, as well as event scheduling, need professional management. The larger the management company, the more influence they have in bringing big name entertainment to the arena. (For more specifics on the management recommendation, please see Illustration 4.1 on page 25.)

Out of a possible 100%, the Committee voted favorably by 95.6%.

- **Financial** – The hardest aspect of envisioning an arena is finding \$100 million to fund it. The committee learned that there are many, complex variables of financing, and additional information and a great deal of study would need to be done before the final method(s) of financing the arena could be made. The simplest avenue is to use SPLOST funds to pay back General Obligation Bonds. With the rapid growth of retail and commercial in the County, this is a realistic expectation. Other forms of funding (e.g., naming rights, hotel/motel taxes, seat tax, concessions, and suites) could be used to supplement SPLOST funding. Using property taxes would be the least desirable option. Private and public sector participation needs to be explored more fully.

Out of a possible 100%, the Committee voted favorably by 90.4%.

- **Desirability rating of arena funded by SPLOST** – On a scale of 1 to 10, the committee rated their impression of the desirability of proceeding with an arena project that would cost \$100 million and require about \$6.1 million in debt service for a 30-year period. All on the committee felt strongly that having an arena and other large entertainment/commercial facilities in one location would be highly desirable for Columbia County. All alternative funding options outlined in Section 5 on pages 27 and 28 need to be evaluated to reduce the amount of SPLOST funds required for this project.

Out of a possible 100%, the Committee voted favorably by 92.7%.

- **Average attendance** - The committee was a balance of avid sports fans as well as those that estimated they would attend activities only twice a year at the arena. The committee felt that sports activities, concerts, and public occasions such as high school graduations would make an arena a focal point for the County as well as a perfect venue for other activities such as Fourth of July celebrations, craft shows, farmers market, boat and car shows, etc.

Estimated average arena attendance for the committee would be 15.17 times a year.

- **Vote “yes” for GO Bonds to be repaid by SPLOST** - The ultimate indication of someone’s commitment to a project is if they are willing to devote their time and money to the cause. The committee was unanimous in their support of the following referendum question:

Are you in favor of a General Obligation Bond (to pay the cost of the arena immediately) to be repaid by SPLOST (\$6.1 million per year for 30 years)?

Out of a possible 100%, the Committee voted favorably by 100%.

This unanimous 100% vote and strong interest in attending functions at an arena in Columbia County are reflections of the desires of this committee.

The committee was unified in their desire for a larger venue which could have an arena, convention center, performing arts center, equestrian center, outdoor sports/amphitheater, and ample parking space. This entertainment and commercial center could be developed over a span of time but obtaining a suitable and large enough site needed to be done *as soon as possible* regardless of actions taken in Richmond County.

This committee was committed to its task of studying and learning about arenas and the impact they can have on an area. These citizens represented every district in the County and personified the County's brand – *A Community of Pride, A County of Vision, Endless Opportunities*. They conclude Columbia County is ready to embrace an arena and associated venues and request that the Columbia County Board of Commissioners continue to move forward with this project.